

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Lifeline and Link Up Reform and Modernization	)	WC Docket No. 11-42
	)	
Lifeline and Link Up	)	WC Docket No. 03-109
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Advancing Broadband Availability Through Digital Literacy Training	)	WC Docket No. 12-23
	)	

**SOLIX, INC.**  
**COMMENTS IN RESPONSE TO**  
**THE FEDERAL COMMUNICATIONS COMMISSION**  
**FURTHER NOTICE OF PROPOSED RULEMAKING**

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### APPENDIX A

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**I. INTRODUCTION AND SUMMARY**

Solix, Inc. (“Solix”) respectfully submits the following comments in response to the Federal Communications Commission (“FCC” or “Commission”) Report and Order and Further Notice of Proposed Rulemaking (“FNPRM”) in FCC12-11, released on February 6, 2012, intended to reform and modernize Lifeline and Link Up (“Lifeline/Link Up” or “the Program”). Solix applauds the Commission’s efforts in undertaking reforms to strengthen the controls of the Lifeline program and to encourage the use of technology for both the provisioning of Lifeline service and collecting and managing program information.

Solix is a process outsourcing firm with expertise in program administration,

eligibility determination, and customer care services. Solix administers centralized Lifeline programs or state universal service funds in 11 states, and provides Lifeline certification services to more than 40 individual eligible telecommunications carriers (“ETCs”) operating in states with no centralized administration process. Solix also performs eligibility reviews of requests for funding from the federal Schools and Libraries (“E-Rate”) and Rural Health Care programs on behalf of the Universal Service Administrative Company (“USAC”). All services provided by Solix in support of federal and state public benefit programs are sourced domestically.

Solix’s comments herein are focused on the following primary concepts:

1. A hybrid federal-state approach to Lifeline eligibility administration could minimize structural changes to existing processes while maximizing program efficiency and effectiveness.
2. The implementation and ongoing administration costs for a centralized eligibility solution, including a national database, would be dependent on process and system requirements. A focus on automation and innovative solutions will improve the customer experience while reducing administrative costs.
3. Third-party administration of Lifeline eligibility determination services provides many advantages to program stakeholders, including more consistent application of program rules and requirements and economies of scale. A centralized approach to monitoring potential waste, fraud and abuse will allow for timely and

consistent process modifications to further enhance program integrity.

## **II. HYBRID FEDERAL-STATE APPROACH TO ELIGIBILITY ADMINISTRATION WITH A ROBUST NATIONAL ELIGIBILITY DATABASE**

In Paragraph 404 of the FNPRM, the Commission seeks comment on how to encourage the accelerated deployment of widespread state databases that can be used or accessed to streamline Lifeline eligibility determinations. The Commission also seeks comment on whether a state-specific or national eligibility database approach is more reliable, efficient, or imposes greater costs on the states and ETCs.

Solix agrees with the Commission's approach of establishing a baseline set of standards as an important first step in creating a more consistent set of Lifeline eligibility criteria nationwide. At the same time, states are unique and have differing needs and priorities so customization by some states will likely remain a necessity into the future. Given this dual focus, any long-term solution should allow for implementation of criteria that satisfy both federal and state-specific objectives. Allowing states to design criteria that prioritize their specific needs also eliminates the cost and effort that would be required to "undo" processes that have already been established in a number of states.

The baseline eligibility criteria established by the Commission allows for the creation of a consistent set of requirements that can be designed into technology solutions. Building on the Commission's stated desire to reduce administrative burdens by leveraging existing systems and processes, a hybrid federal-state solution can be designed to achieve federal program objectives while accommodating established processes and overlaying current or future state-specific requirements. A coordinated,

hybrid Lifeline solution utilizing a national eligibility database could achieve the benefits of centralizing eligibility determination and coordination at the national level without requiring significant modifications to existing state-specific or ETC processes (see Appendix A).

To summarize the hybrid federal-state approach, three primary Lifeline eligibility tracks are assumed:

- Track 1: Lifeline eligibility reviews can be conducted by an existing (or future) state administrator, whether it is a state agency or a third-party administrator;
- Track 2: Lifeline eligibility reviews can be conducted by an ETC or third-party agent in accordance with federal and state rules in cases where there is no centralized state administration; or
- Track 3: An ETC can “opt in” to the central eligibility administration process wherein a national administrator would perform the Lifeline eligibility reviews in cases where there is no centralized state administration or use of a third-party agent.

Under Tracks 1 and 2, entities could primarily operate as they do today, with the understanding that process changes would be instituted as necessary to adhere to the requirements of the Commission’s Order. Track 3 could be implemented to fill the void and ensure that eligibility reviews are performed consistently and in accordance with Commission directives in states that do not have nor intend to institute centralized eligibility review systems. To the extent that such states utilize eligibility criteria that

exceed the federal baseline requirements, the central administrator could overlay state-specific rules onto federal requirements within its overall solution.

Regardless of the track used to determine Lifeline eligibility, customer information would be fed into the national eligibility database. The database could be maintained by the central administrator or be operated on a stand-alone basis but all authorized providers of eligibility decisions would provide data feeds to populate and update the database in accordance with predetermined guidelines. Entities issuing eligibility decisions would also query the database to check for duplicates as part of the review process. The result would be a robust national eligibility database with a comprehensive and current list of eligible Lifeline recipients and relevant information that could be queried by all authorized users.

To improve tracking and the ability to conduct audits, Lifeline customer records could include a federal/state code and a certifying agent code. The federal/state code would be used to identify the federal or state rules under which the eligibility decision was made, and the certifying agent code would identify the entity that issued the eligibility decision. In cases where there is a statewide, central administrator (Track 1 above), all eligibility decisions would include the same state code and the same certifying agent code if there is only one certifying agent. Under Track 2, Lifeline customers approved under a given state's rules would have the same state code but different codes to identify either the ETC or a third-party agent performing the eligibility reviews on behalf of the ETC. Similarly, the national central administrator (Track 3) would have its own certifying agent code and would attach a federal or state code to

customer records to indicate the rules that served as the basis of an applicant's eligibility decision.

The federal/state and certifying agent codes would eliminate any potential confusion regarding who qualified an applicant as an eligible Lifeline recipient or the eligibility criteria that served as the basis for the decision. This type of tracking could assist a regulatory agency in performing oversight activities and efficiently investigating customer escalations or appeals. It would also allow for monitoring eligibility determination activities at the certifying agent level to identify trends or anomalies that warrant investigation. A centralized and transparent repository of eligibility rules and decision sets would also streamline auditing activities.

### **III. MITIGATION OF INTERFACE COSTS**

The Commission seeks to further develop the record on ways to mitigate potential costs on states if the Commission were to mandate the creation of Lifeline eligibility databases at the state level or the transmission of state eligibility data to a national database (FNPRM Paragraph 405). To assist in this analysis, the Commission seeks comment on the implementation and ongoing costs of those Lifeline databases that are currently in operation at the state levels.

The modifications to the Lifeline program being implemented by the Commission are designed to modernize the system while enhancing controls and program integrity. Some actions will require additional levels of investment by the Commission and state agencies to achieve the desired benefits of improved program outcomes and reduced costs through elimination of duplicate or unauthorized discounts. The necessary



process changes and associated costs can reasonably be categorized as program administrative costs and funded as such.

A number of threshold design issues need to be addressed in order to quantify costs. As described above, database logic can be designed to utilize the Commission's baseline eligibility requirements as the minimum threshold test with state-specific criteria built in as overlays, where appropriate. Key aspects of the national system design include file formats and data exchange methods. A standardized file structure based on Commission-defined data elements, with additional fields overlaid as necessary to meet state-specific requirements, would be a cost-effective approach. Standardization of data transfer methods would reduce design costs, with the understanding that a minimum number of options must be available to meet differing user needs. For example, any data transfer method must adhere to data security standards but options such as real-time web services, Secure File Transfer Protocol (SFTP), Virtual Private Networks (VPNs), and others provide effective options for securely exchanging information.

In response to the Commission's request for information regarding implementation and ongoing administration costs for Lifeline databases currently in operation at the state levels, Solix provides the following information based on our experience in implementing and operating statewide centralized Lifeline systems in Texas and California, and a Lifeline verification initiative in Arkansas, in addition to providing Lifeline certification services to commercial customers. This information is provided with the understanding that administrative costs are driven by, among other

things, the specific process and database design requirements, eligibility review procedures, interfaces, and reporting complexity.

Given the foregoing caveats, the design and implementation of an end-to-end, centralized Lifeline eligibility solution, including the supporting database, could likely be accomplished within a range of approximately \$0.50 to \$1.00 per eligible subscriber. For example, the cost to design, test and deploy a comprehensive solution to support 1 million Lifeline recipients, including establishing the necessary interfaces and infrastructure, could fall in the range of \$500,000 to \$1 million. Economies of scale can be realized as systems are designed to support greater numbers of users but the aforementioned range is typical of existing state-level design requirements. Translating these relationships into an estimate for a national solution, and assuming some scale economies, it would be reasonable to estimate an implementation cost of approximately \$7 to \$10 million dollars, depending on design requirements. The design and deployment of the database would likely represent 50 to 60 percent of the total implementation cost.

Annual ongoing eligibility administration costs can be estimated to range from approximately \$3.00 to \$6.00 per eligible Lifeline subscriber. Database maintenance and Information Technology support activities typically represent 30 to 40 percent of the ongoing administrative cost. Ongoing activities often include conducting eligibility reviews for both eligible and ineligible subscribers; database maintenance and enhancements; annual re-certification processes; multilingual call center support; fulfillment; business intelligence reporting; and audit support activities. The actual ongoing administration costs can only be known with certainty after requirements have

been finalized; keeping in mind that a focus on automated solutions or a reduction in the scope of services could reduce the costs.

A comprehensive solution that offers eligibility processing based on federal and state-specific requirements within one flexible, hybrid process would offer numerous costs savings to the Lifeline program. Such a solution could minimize the incremental effort and costs imposed on existing state processes and ETCs, and limit the deployment of incremental federal processes to only what is needed to fill the gaps to ensure consistent adherence to eligibility rules and requirements. This minimization of incremental costs should be combined with the benefits of eliminating duplicative or unauthorized program payments and improving program outcomes when estimating the overall program benefits.

#### **IV. STATE DATABASE QUERIES**

The Commission asks whether the national database, if it did not house the Lifeline eligibility data, should only have the capability of querying the individual state databases to determine consumer eligibility (FNPRM Paragraph 408).

Solix believes that a national database could be viewed in two ways; as a stand-alone eligibility “look-up” mechanism, or, when paired with central eligibility administration and coordination, an integrated component of the national Lifeline eligibility system. Utilizing the national database as a central repository of Lifeline eligibility could prove to be more valuable than performing the purely mechanistic function of querying state databases. When state administrators issue eligibility decisions, a query could be performed of the national database to check for duplicates

while also populating the database with new and updated customer eligibility information. Similar two-way processes can be utilized whether a central administrator, an ETC, or a third-party agent conducts the eligibility reviews thereby providing consistent sets of inputs and outputs. The result would be a more robust national solution with the only additional requirement being the establishment of appropriate data transfer methods, which could reasonably be considered a cost of overall program administration.

## **V. THIRD-PARTY ADMINISTRATION OF ELIGIBILITY REVIEWS**

Verizon and AT&T argue that a third-party administrator, not ETCs, should perform eligibility reviews (FNPRM, Paragraph 414). In response, the Commission seeks comment on the potential costs/benefits of non-electronic means of checking program eligibility by a third-party administrator, including the cost of implementing such an approach on a nationwide basis.

Solix agrees with Verizon, AT&T and others that the use of a third-party administrator to perform eligibility reviews would provide many benefits to the Commission, Lifeline service providers, and program participants.

A third-party administrator can provide consistent and objective application of Lifeline program rules, whether based on federal baseline or state-specific criteria. An experienced Lifeline administrator would offer an objective and neutral approach in reviewing customer applications and supporting documentation in adherence with relevant rules. Further, ETCs would benefit by eliminating non-core eligibility review functions, allowing them to focus on serving their customers.

The use of a third-party administrator also allows for centralization of work functions, resulting in specialization and an expert pool of reviewers receiving ongoing training to ensure compliance with program rules and requirements even as the program changes and evolves. Expert reviewers can reduce variation in the application of rules and provide more consistent eligibility decisions.

Another key benefit includes a centralized focus on minimizing waste, fraud and abuse. An expert third-party administrator would recognize the importance of internal and process controls, and possess the experience to deploy solutions designed to minimize opportunities for waste, fraud and abuse. Comprehensive controls are vital to program success, from safeguarding private and confidential information to conducting independent reviews and quality control testing of eligibility decisions.

A central eligibility administrator could continually monitor program activity to identify trends that warrant investigation or analysis. Depending on the outcomes of process reviews, procedures can be quickly modified and consistently applied to further strengthen controls. A centralized approach to reviewing program information and activity across all service providers would allow for an integrated system that could minimize the potential for abuse of the program.

Centralized administration by a third-party would also drive efficiencies and cost savings. Even within a process that may require manual intervention as outlined by the Commission, there are opportunities to identify and implement administrative efficiencies. The centralization of eligibility activities offers opportunities to identify and implement scale efficiencies and to share learning. A major complication of eligibility determination includes the review of supporting documentation, especially income

documents. A centralized and highly trained work force becomes more familiar with legitimate and acceptable documents, and utilizes cross-training practices that result in a more knowledgeable, accurate and productive pool of eligibility reviewers. As importantly, a centralized administration approach allows for the flexibility to manage staffing and resources in accordance with fluctuations in application volumes, ensuring that administrative costs and the corresponding burden on consumers are minimized.

An experienced administrator will also focus on identifying and following best practices that highlight opportunities for automation to reduce costs without jeopardizing process or program integrity. Although it may be necessary to perform manual functions at various point(s) throughout the process, the use of innovative technology will reduce the required level of manual intervention, ultimately improving results and reducing costs.

## **VI. LIFELINE CUSTOMER RECORD RETENTION**

In Paragraph 505 of the FNPRM, the Commission states that current program rules require ETCs to maintain records to document compliance with state and federal low-income program rules for the three full preceding calendar years. ETCs must also maintain documentation of consumer eligibility for as long as the consumer receives Lifeline from that ETC. The Commission states that the three-year record retention requirements are not adequate for the False Claims Act; thus, the Commission proposes to amend the rules to extend the retention period for Lifeline documentation, including subscriber-specific eligibility documentation, to at least ten (10) years.

Proper record retention practices are critical to program compliance and the accomplishment of audit objectives. Access to comprehensive records also improves customer service by allowing the Lifeline administrator to better investigate and respond to questions related to eligibility, ineligibility or de-enrollment decisions. Solix agrees with the Commission that retention requirements should be sufficient to achieve program compliance objectives, including supporting the False Claims Act requirements.

Solix respectfully requests that the Commission clearly define the subscriber-specific eligibility documentation that is to be retained or destroyed, and the corresponding time periods associated with each activity. Relative to record retention, it is important to define Commission-approved formats. For example, are electronic images or files acceptable in all cases or is it necessary to retain original documents? When automated means of eligibility re-certification are employed, is it acceptable to save a web-submitted file or Interactive Voice Response (IVR) selection? Voice recordings of conversations with call center representatives represent another option for Lifeline subscriber documentation. Solix recommends that the Commission permit the use of any of the above formats as long as proper controls are utilized to ensure the safeguarding and recoverability of information for the required retention period.

Proper destruction of subscriber-specific information is equally critical. When Lifeline subscribers submit paper applications or supporting documentation, the timely and appropriate destruction of such documents after electronic imaging strengthens data security because there is no longer a need to store or secure paper documents. Solix believes that the Commission intended to achieve such data security benefits

when, in Paragraph 101 of the Order, it stated: “While ETCs will be required to examine such documentation as appropriate to verify a consumer’s program or income-based eligibility for initiating Lifeline services, ETCs are not required to and should not retain copies of the documentation.” (See also Order Footnote 275.) Solix respectfully requests that the Commission clarify whether this limitation on document retention applies only to paper or to both paper and electronic records.

Solix further recommends that the Commission clarify the acceptable time period(s) for retention of paper and electronic supporting documentation. Notwithstanding data security issues, Lifeline applicants often have questions about eligibility decisions during or soon after the application process. If supporting documentation were required to be destroyed immediately after review, an agency, ETC or third-party administrator would not be able to access the documentation that served as the basis of the eligibility decision and, therefore, customers could be required to re-submit private or confidential information.

Investigations into potential fraudulent or improper activity are more difficult when subscriber-specific supporting documentation is not available. Solix has successfully worked with its customers in the past to identify and investigate fraudulent Lifeline activity. Positive resolutions could not have been achieved as effectively without access to detailed documentation that allowed for verification of an applicant’s eligibility.

Solix recommends that the Commission allow an agency, ETC or third-party administrator to retain subscriber-specific paper documentation for a reasonable time period, such as 30-60 days, until paper documents can be converted into electronic images. Relatedly, if electronic retention of subscriber-specific supporting



documentation is limited to a specific duration, Solix recommends that the Commission establish a transition period to allow ETCs, agencies or third-party administrators to implement any necessary system changes. Finally, Solix recommends that the Commission's decisions regarding retention of subscriber-specific supporting information be applicable on a going-forward basis only.

## **VII. CONCLUSION**

Solix respectfully requests the Commission to adopt the suggestions presented above. Solix appreciates the opportunity to provide these comments and stands ready to provide additional information that may be helpful to the Commission during its examination of these issues.

Respectfully submitted,

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# Federal-State Hybrid Lifeline Eligibility Administration

Solix Comments FCC 12-11  
Appendix A

